

**REMARKS**

Presently, claims 1-38 are pending in the application. Independent claims 1 and 21 have been amended to more particularly point out the present invention. Support for the features added to claims 1 and 21 may be found, for example, in original claims 12 and 34, and at page 11, line 15 – page 13, line 26 of the specification. Accordingly, no new matter has been added to the application by the foregoing amendments.

***Prior Art Rejection – § 102(e)***

The Examiner has rejected claims 1-2, 9, 11, 16-21, 23, 29, 31-33 and 38 under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,463,585 B1 to Hendricks *et al.* (“Hendricks”). The Examiner contends that Hendricks discloses all of the features of Applicant’s claimed invention. Applicant respectfully traverses this rejection.

Hendricks teaches a system for providing television programming and targeted advertisements to consumers’ homes. In Hendricks, information is sent from a program controller at an “operations center” and/or headend to local storage or real-time display in a consumer’s terminal. The stored information may include control information, programming and/or advertisements. The operations center receives television programs and advertisements from external sources, and then packages those programs into groups and categories that provide optimal marketing of programming to subscribers. Hendricks discloses that information related to users’ preferences, viewing actions or habits may be gathered, observed, retrieved and analyzed, such that a particular consumer terminal may be assigned to a desired target category. In Hendricks, this is accomplished by retrieving viewer data from set top terminals and transmitting the data to the headend for analysis and/or presentation (see column 20, lines 4-15 of Hendricks). The target category, based for example on demographic information about one or more individual viewers, is utilized to determine which advertisements to target at a consumer or group(s) of consumers. The consumer groups may be modified in view of new or changing target criteria. Hendricks teaches that there are several different methods of conveying the desired advertisements to the audience, including transmitting advertisements to the consumer via feeder channels and utilizing a switching plan to determine which feeder

channel to switch to when a designated program break occurs. Hendricks discloses recording when such a switch is made, and subsequently collecting accumulated switching information from the television terminal for use by the headend (see column 6, lines 23-30 of Hendricks).

For a rejection under § 102(e) to be proper, a reference must disclose, either explicitly or inherently, each and every element of the claimed invention. Applicant respectfully submits that Hendricks does not teach each and every element recited in independent claim 1.

Independent claim 1, as amended, recites:

A system for delivering targeted advertisements to subscribers in a television service network environment, the system comprising:

an ad scheduler for providing an ad schedule for a plurality of subscriber groups wherein each group is characterized by a market segment and a probabilistic measure of expected viewership, wherein the characterization is obtained through measurement of subscriber interactions with the television service network environment; and

a multiple presentation stream (MPS) generator for generating a plurality of presentation stream groups each corresponding to a particular programming channel, each of the presentation stream groups composed of a plurality of multiple presentation streams that are carrying the same programming and the same avails, each of the presentation streams carrying advertisements directed to different advertiser-specific market segments according to the ad schedule.

Hendricks does not disclose subscriber groups that are characterized by “a probabilistic measure of expected viewership,” as recited in claim 1. In Hendricks, viewer data is retrieved and utilized by the system to determine how the programming and/or advertisements should be packaged (i.e., categorized or grouped). Hendricks’ system gathers raw data that includes which channel a viewer watched and for how long. Hendricks’ system also calculates information based on that raw data, including determining to which target group a viewer belongs and how many viewers watched a

particular program (see column 20, lines 19-40 of Hendricks). However, Hendricks does not disclose that expected viewership is calculated and/or used to determine into which group or category a subscriber should be placed. In contrast, in claim 1, a probabilistic measure of expected viewership – based on subscriber interactions – determines how to group a subscriber. Thus, Applicant respectfully submits that Hendricks does not disclose all of the features of independent claim 1. Accordingly, claim 1 is believed to be allowable over Hendricks.

Independent claim 21 includes “producing an ad schedule for a plurality of subscriber groups wherein each group is characterized by...a probabilistic measure of expected viewership...” For the same reasons discussed above with respect to independent claim 1, Applicant respectfully submits that Hendricks does not disclose all of the features of independent claim 21. Accordingly, claim 21 is believed to be allowable over Hendricks.

Dependent claims 2, 9, 11, 16-20, 23, 29, 31-33 and 38 are allowable at least by their dependency on independent claims 1 and 21, respectively. Reconsideration and withdrawal of the Examiner’s rejection of claims 1-2, 9, 11, 16-21, 23, 29, 31-33 and 38 are respectfully requested.

#### ***Prior Art Rejections – § 103(a)***

The Examiner has rejected claims 3-8, 22 and 24-28 under 35 U.S.C. §103(a) as being unpatentable over Hendricks in view of U.S. Patent No. 6,181,334 to Freeman *et al.* (“Freeman”). As discussed above with respect to the Examiner’s anticipation rejection over Hendricks, independent claims 1 and 21 are believed to be allowable over Hendricks. Applicant respectfully submits that Freeman does not teach or suggest any of the features missing from Hendricks. Accordingly, independent claims 1 and 21 are allowable over the combination of Hendricks and Freeman.

Dependent claims 3-8, 22 and 24-28 are allowable at least by their dependency on independent claims 1 and 21, respectively. Reconsideration and withdrawal of the Examiner’s rejection of claims 3-8, 22 and 24-28 are respectfully requested.

The Examiner has rejected claims 10 and 30 as being unpatentable over Hendricks in view of U.S. Patent No. 6,493,875 to Eames *et al.* ("Eames"). As discussed above with respect to the Examiner's anticipation rejection over Hendricks, independent claims 1 and 21 are believed to be allowable over Hendricks. Applicant respectfully submits that Eames does not teach or suggest any of the features missing from Hendricks. Accordingly, independent claims 1 and 21 are allowable over the combination of Hendricks and Eames.

Dependent claims 10 and 30 are allowable at least by their dependency on independent claims 1 and 21, respectively. Reconsideration and withdrawal of the Examiner's rejection of claims 10 and 30 are respectfully requested.

***Commonly Owned Subject Matter – §103(c)***

The Examiner has rejected claims 12-14, 34-35 and 37 as being unpatentable over Hendricks in view of U.S. Patent No. 6,684,194 to Eldering *et al.* ("Eldering").

**The subject matter of the Present Application and Eldering were, at the time the invention of the Present Application was made, commonly owned by Expanse Networks, Inc.** In support of this statement of common ownership, Applicant respectfully notes the following:

- Eldering was filed on December 2, 1999 as Application No. 09/452893;
- Eldering was assigned from Telecom Partners Ltd., to Expanse Networks, Inc. and recorded on August 24, 2000 at Reel/Frame 011062/0243;
- The Present Application was executed and filed on January 19, 2001;
- The Present Application was assigned to Expanse Networks, Inc. and recorded on January 19, 2001 at Reel/Frame 011487/0700; and
- Both Eldering and the Present Application were assigned to Prime Research Alliance E., Inc. and recorded on September 17, 2004 at Reel/Frame 015139/0836.

Accordingly, under 35 U.S.C. §103(c), Eldering is disqualified as prior art against the claims of the Present Application. See MPEP §706.02(l)(1) and 706.02(l)(2). As such, the Examiner's obviousness rejection over Hendricks in view of Eldering is moot.

As discussed above with respect to the Examiner's anticipation rejection over Hendricks, independent claims 1 and 21 are believed to be allowable over Hendricks. Dependent claims 12-14, 34-35 and 37 are allowable at least by their dependency on independent claims 1 and 21, respectively. Reconsideration and withdrawal of the Examiner's rejection of claims 12-14, 34-35 and 37 are respectfully requested.

***Allowable Subject Matter***

The Examiner has objected to claims 15 and 36, but stated that these claims would be allowable if rewritten in independent form to include all features of the base claim and any intervening claims. Applicant thanks the Examiner for this indication of allowable subject matter.

In view of the amendments and remarks set forth above, Applicant respectfully submits that claims 1 and 21, as amended, are allowable. Dependent claims 15 and 36 are allowable at least by their dependency on amended claims 1 and 21, respectively. Reconsideration and withdrawal of the Examiner's objection to claims 15 and 36 are respectfully requested.

***Conclusion***

In view of the foregoing amendments and remarks, Applicant respectfully submits that the Examiner's objections and rejections have been overcome, and that the application, including claims 1-38, is in condition for allowance. Reconsideration and withdrawal of the Examiner's objections and rejections and an early Notice of Allowance are respectfully requested.

Respectfully submitted,

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